

EXHIBIT D(2)
HOME/MRB PROGRAM
HOMEBUYER/REGULATORY AGREEMENT

STATE OF LOUISIANA

PARISH OF _____

THIS HOME REGULATORY AGREEMENT (HOMEOWNERSHIP ASSISTANCE) (the "Agreement") is dated as of _____ by and between the **LOUISIANA HOUSING FINANCE AGENCY ("LHFA")** and _____ (the "Borrower").

LHFA has financed through its Single Family Mortgage Revenue Bonds (the "Bonds") and through the HOME Program (the "HOME Program") a mortgage note (the "Program Note") under its HOME/MRB Program (the "HOME/MRB Program") on a single family dwelling to the Borrower, secured by a first mortgage (the "Mortgage") on the real property described in **Exhibit A** for the purpose of enabling the Borrower to acquire and occupy as the Borrower's principal residence the housing located on the real property described in **Exhibit A**, pursuant to the provisions of the HOME Program Regulations at 24 CPR, Part 92. The homebuyer has certified in **Exhibit B** that his/her household income was computed in accordance with 24 CFR Part 5 Section 8 income definition on the Mortgage Income Eligibility Worksheet attached as **Exhibit B(2)** and that his/her family income does not exceed 80% of the applicable Median Family Income Limit of the applicable Parish.

The financing of the Program Note in part through the HOME Program requires the Borrower to agree to certain restrictions, as herein noted.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions. The following terms shall have the respective meaning assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise.

"Application" shall mean the HOME Project Summary completed by the Borrower and re-executed in connection with the closing of the Mortgage Loan.

"HOME Funds Grant" shall mean the amount of down payment and/or closing costs assistance made available by the Lender on behalf of the LHFA to subsidize the Borrower's costs closing the Loan as permitted in Section 2 below.

"HOME Funds Loan Component" shall mean that portion of Program Note as defined in the Agency's Arbitrage Certificate and Indenture for the series of bonds which finance the Program Note and Series Supplement whereby the principal amount of the mortgage loan is partially funded with HOME Program funds made available by the LHFA.

"HUD" shall mean the U. S. Department of Housing and Urban Development.

"Low Income Household" shall mean a family whose annual income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

"Mortgage" shall mean that mortgage on the real property described in **Exhibit A** securing the Program Note.

"Mortgage Loan" shall mean the first mortgage loan financed to enable the Borrower to acquire the housing located on the real property described in Exhibit A.

"Parish" shall mean the Parish in which the property described in Exhibit A hereto is located.

"Period of Affordability" shall mean (a) in the case where the Mortgage or Program Note remains outstanding a period of, (i) five (5) years where the Total HOME Contribution is less than \$15,000, (ii) ten (10) years where the Total HOME Contribution is \$15,000 to \$40,000 and (iii) fifteen (15) years where the Total HOME Contribution is over \$40,000 and the term of the Program Note if the Program Note is insured by FHA and (b) in the case where the Program Note has been discharged or fully paid, the date on which such Program Note has been discharged or fully paid.

"Program Note" shall mean the full amount of that mortgage note on the real property described in **Exhibit A** securing the Mortgage Loan including proceeds from Mortgage Revenue Bonds and HOME Funds Loan Component evidencing the Borrowers obligation to repay the Mortgage Loan.

"Property" shall mean the immovable real property described in **Exhibit A**.

"Servicer" shall mean US Bank Home Mortgage, its successors and assigns.

"Single Family Dwelling" shall mean a one (1)-family residence, condominium unit, cooperative unit, combination manufactured home and lot, or manufactured home lot.

"Total HOME Contribution" (also termed "Direct Home Subsidy") shall mean the combination of the HOME Funds Grant and HOME Funds Loan Component.

"Value" shall mean the appraised value of the property specified in the Application as evidenced by an independent appraiser and as acknowledged by the Borrower in the application.

SECTION 2. Agreements

- (a) LHFA Agreement. LHFA agrees to finance the Program Note. The HOME Funds Loan Component is \$_____. Additionally, as shown in the chart below, the borrower is being awarded a non-repayable HOME Funds Grant in the amount of \$_____. Based upon a Total HOME Contribution of \$_____ the Period of Affordability is _____ years, based on the following schedule.

Period of Affordability	
Total Home Contribution (Direct Home Subsidy)	Length of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years

Nothing in this Agreement shall require LHFA to provide additional assistance to the Borrower except on terms and conditions acceptable to LHFA. Eligible closing costs not in excess of the following schedule may be paid by the Agency with HOME Funds.

Assistance Payments on HOME Assisted Program Loans shall not exceed the lesser of (i) the actual charges shown on the HUD I or (ii) the maximum percentages as scheduled below:		
Loan Amount		Maximum Home Assistance Payment Allowed
\$0	\$25,000	9.00% of loan amount
\$25,001	\$35,000	7.50% of loan amount
\$35,001	\$45,000	6.75% of loan amount
\$45,001	\$55,000	5.75% of loan amount
\$55,001	\$65,000	5.25% of loan amount
\$65,001	\$75,000	4.75% of loan amount
\$75,001	and greater	4.50% of loan amount
Good Faith Estimate must indicate costs that are reasonable and customary. Eligible closing costs are: Attorney fees, Recordation charges, Title Insurance Premium, Survey, Appraisal, Credit Report, Code Compliance Fee, Prepaid Items, Escrows and Energy Audits.		
Tax Service fees are not eligible closing costs		

- (b) **Borrower Agreement.** In consideration of LHFA's agreement to finance the Program Note, the Borrower agrees he/she will continue to occupy the housing as his/her principal residence until the end of the Period of Affordability.

SECTION 3. Enforcement. The Borrower's obligations under this Agreement may be enforced by LHFA, successors and assigns of the LHFA and/or the Servicer.

SECTION 4. Term. This Agreement shall become effective upon its execution and delivery. This Agreement shall remain in full force and effect for a term and period equal to the Period of Affordability. Notwithstanding the immediately preceding sentence, this Agreement, and all and several of the terms hereof, shall terminate and be of no further force and effect in the event of involuntary non-compliance with the provisions of this Agreement caused by fire, seizure, requisition, foreclosure or transfer of title by deed in lieu of foreclosure (dation en paiement), change in a Federal law or an action of a Federal Agency after the date hereof which prevents LHFA and/or the Servicer from enforcing the requirements hereof, or condemnation or other similar event: provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be automatically reinstated if, at any time subsequent to the termination of the Mortgage or the transfer of title by deed in lieu of foreclosure (dation en paiement), the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) obtains an ownership interest in the Property for Federal income tax purposes. Upon the termination of all and several of the terms of this Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms.

This Agreement shall expire of its own terms at the end of the Period of Affordability. Thereafter, LHFA and the Borrower shall take whatever steps may be necessary or desirable to cause the release of this Agreement and its cancellation of record.

SECTION 5. Sale or Transfer of Property. So long as the Program Note remains outstanding the Borrower hereby covenants and agrees not to sell, transfer, or otherwise dispose of the Property, or any portion thereof.

Conditional Contracts of Sale of Property or "Bond for Deeds" or other agreements whereby the purchase and subsequent transfer of the subject property is intended after the payment of a stipulated sum, are strictly prohibited and considered non-compliance with Program regulations.

It is hereby expressly stipulated and agreed that any sale, transfer, conditional contract of sale or other disposition of the Property in violation of this Section 5 shall be null, void and without effect shall cause a reversion of title to the Borrower and shall be ineffective to relieve the Borrower of its obligations under this Agreement.

SECTION 6. Recapture Provisions. Federal regulations for the HOME Program specify certain requirements for resale restrictions or recapture provisions when HOME funds are used to assist with a homeownership purchase, whether the purchase is with or without rehabilitation. The housing unit must be the principal residence of the family throughout the period of affordability. To ensure affordability, the Agency has imposed recapture requirements conforming to the standards of 24 CFR 92.254, as stated herein. It is the Agency's policy to recapture the HOME Funds Loan Component.

SECTION 7. Covenants to Run with the Land. The Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Agreement. LHFA, the Servicer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land to the extent permitted by law and shall pass to and be binding upon the Borrower's successors in title to the Property throughout the term of this Agreement. Each and every contract, deed, mortgage or other instrument hereafter executed affecting or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

SECTION 8. Burden and Benefit. LHFA, the Servicer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Property is rendered less valuable thereby. LHFA, the Servicer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which LHFA financed the HOME Program Note.

SECTION 9. Enforcement. If the Borrower defaults in the performance or observation of any covenant, agreement or obligation of the Borrower set forth in this Agreement, and if such default remains uncured for a period of thirty days after written notice thereof shall have been given by LHFA or the Servicer to the Borrower, then the Servicer, acting on its behalf or on behalf of LHFA, or LHFA shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take any one or more of the following steps:

- (i) By mandamus or other suit, action or proceeding at law, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of LHFA or the Servicer hereunder;
- (ii) Take such other action at law as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

LHFA shall have the right, in accordance with this Section, without the consent, approval or knowledge of any person, to exercise any or all of the rights or remedies of LHFA hereunder.

SECTION 10. Recording and Filing. The Servicer shall cause this Agreement, all amendments and supplements hereto and thereto, to be recorded and filed in the conveyance and mortgage property records of the Parish and in such other places as LHFA may reasonably request.

SECTION 11. Governing Law. This Agreement shall be governed by the laws of the State of Louisiana.

SECTION 12. Amendments. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the conveyance and mortgage property records of the Parish.

SECTION 13. Notice. Any notice required to be given hereunder shall be given by certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the person in question:

LHFA: Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808
Attention: Mr. Milton J. Bailey, President

Servicer: US Bank Home Mortgage
17500 Rockside Road
Bedford, Ohio 44146
Attention: Vice President

Borrower: _____

SECTION 14. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

SECTION 15. Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

THUS DONE AND SIGNED on the _____ day of _____, 20____ before me, the undersigned Notary Public, in the Parish of _____, Louisiana and in the presence of the undersigned competent witnesses who have hereunto signed their names together with said appearers and me, Notary, after due reading of the whole.

LOUISIANA HOUSING FINANCE AGENCY

By: _____
Authorized Officer

WITNESSES:

Notary Public

THUS DONE AND SIGNED on the _____ day of _____, 20____ before me, the undersigned Notary Public, in the Parish of _____, Louisiana and in the presence of the undersigned competent witnesses who have hereunto signed their names together with said appearers and me, Notary, after due reading of the whole.

BORROWERS:

By: _____

By: _____

WITNESSES:

Notary Public

EXHIBIT A to Exhibit D(2)
LEGAL DESCRIPTION OF PROPERTY